

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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CHANEL, INC.,

Plaintiffs,

18 Civ. 2253 (LLS)

- against -

MEMORANDUM & ORDER

WHAT COMES AROUND GOES AROUND LLC
d/b/a WHAT GOES AROUND COMES AROUND, et al.,

Defendants.
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Plaintiff Chanel Inc. moves to compel defendants to produce What Goes Around Comes Around (“WGACA”)’s advertisements and web listings of Chanel branded items or featuring Chanel’s trademarks, documents related to the repair, refurbishment, and refinishing of Chanel branded items advertised or sold by WGACA, and policies, procedures, or manuals regarding WGACA’s authentication and buying process.

For the following reasons, the motion (Dkt. No. 113) is denied.

* * *

Chanel brings this action for trademark infringement, false advertising, false association and endorsement / unfair competition, and deceptive trade acts or practices under the Lanham Act, 15 U.S.C. §§ 1114(1), 1125(a), and New York law, N.Y. Gen Bus Law §§ 349, 350, claiming WGACA uses Chanel’s trademarks to imply that it is an agent of Chanel, or that Chanel blesses and endorses WGACA’s activities, or gives any support for WGACA’s claim that the goods it sells as Chanel are authentic.

Chanel asserts that it has “identified eleven entries which appear to advertise counterfeit Chanel handbags” in a chart provided by WGACA (Max June 9 letter, fn. 1), and that WGACA

has sold Chanel goods that have been so altered as to no longer be an “authentic” or “genuine” Chanel product.

Chanel seeks information about all of WGACA’s Chanel related business: all of WGACA’s advertisements featuring Chanel’s trademarks, all of WGACA’s website listings of Chanel branded items in the form displayed to consumers, details of all repair, refurbishment, and refinishing of Chanel branded products advertised or sold by WGACA, and the policies and procedures regarding all of WGACA’s authentication and purchasing process.

But WGACA is not a competing manufacturer of clothes that mimic Chanel’s. It is a buyer of genuine Chanel products, which it sells at second hand. Its business is not in passing off counterfeits as Chanel’s; it thrives because of the value its customers place on genuine Chanel products, even second hand, when they can afford to buy them at a discount.

That is why Chanel’s discovery demands are so misconceived. WGACA has no institutional interest in a pattern or practice of misrepresenting its wares: its business depends on their being genuine.

Thus, the facts limit Chanel’s claims to exploitation of specific occasions where WGACA performs alterations or substitutions in Chanel products which result in their misdescription in advertisements. These occur in events such as:

redying handbags (Ex. A-1), putting new finishes on handbags (Ex. A-2), putting new stones in earrings (Ex. A-3), fixing suitcase handles (Exs. A-4, A-5), gluing chains for belt repair Ex. A6), creating new holes for belts (Ex. A-7), re-attaching broken hardware (Ex. A-8), re-attaching bag straps (Ex. A-9), and making new, non-original straps for bags (Exs. A-10, A-11). (Max May 12 letter).

Those examples are well fitted for management by the protocol established in the May 5, 2020 Order. When plaintiff claims an item is counterfeit, i.e. not manufactured by Chanel, or so

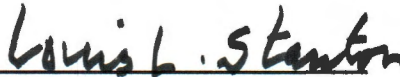
altered as to be no longer recognizable as originally Chanel, then it is fair to require defendant to disclose how it was advertised by WGACA.

There is in this case, as so far presented, no justification for incurring (even if paid for by Chanel) the cost, burden, time and effort required by Chanel's other sweeping demands, and they are denied.

If, as depositions and rational discovery proceed, the circumstances change or unforeseen needs arise, these rulings of course may be revisited.

So ordered.

Dated: June 16, 2020
New York, New York



LOUIS L. STANTON
U.S.D.J.